

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF)	CASE NO. 2006-00461
EAST KENTUCKY UTILITIES, INC.)	

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ the Commission approved rates for East Kentucky Utilities, Inc. (“East Kentucky”) and provided for their further adjustment on an as needed basis in accordance with East Kentucky’s gas cost adjustment (“GCA”) clause. On August 15, 2005, Kentucky Frontier Gas, LLC assumed operation of the system.

On November 1, 2006, East Kentucky filed its proposed GCA to be effective December 1, 2006. On November 16, 2006 East Kentucky supplied additional information.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. East Kentucky’s notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. East Kentucky’s notice sets out an expected gas cost (“EGC”) of \$7.9135 per Mcf, which is a decrease of \$3.9565 per Mcf from its previous EGC of \$11.87.

¹ Case No. 2005-00032, Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates.

3. East Kentucky's notice sets out no refund adjustment.
4. East Kentucky's notice sets a current quarter actual adjustment ("AA") of (\$1.9378) per Mcf. East Kentucky's total AA is (\$1.9378) per Mcf, which is \$1.9378 per Mcf less than the previous total AA.
5. East Kentucky's notice sets out no current quarter balance adjustment ("BA"). East Kentucky's total BA is 0 cents per Mcf, which is no change from the previous total BA.
6. East Kentucky's GCA is \$5.9757 per Mcf, which is \$5.8943 per Mcf less than the previous rate of \$11.87.
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after December 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for service rendered on and after December 1, 2006.
2. Within 20 days of the date of this Order, East Kentucky shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of November, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00461 DATED November 28, 2006.

The following rates and charges are prescribed for the customers served by East Kentucky Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf	\$10.00	\$5.9757	\$15.9757
All Over 1 Mcf	\$5.2553	\$5.9757	\$11.2310